

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF COLUMBIA GAS OF KENTUCKY, INC.)	
FOR AN ORDER AUTHORIZING THE ISSUANCE AND)	CASE NO.
SALE OF PROMISSORY NOTES AND AUTHORIZED)	2015-00354
BUT UNISSUED COMMON STOCK)	

ORDER

On October 26, 2015, Columbia Gas of Kentucky, Inc. ("Columbia"), a wholly owned subsidiary of NiSource Gas Distribution Group ("NiSource Gas Distribution"), which is a wholly owned subsidiary of NiSource Inc. ("NiSource"), submitted an application for authority to issue and sell Long-term Promissory Notes ("Notes") to NiSource Finance Corp., which is also a wholly owned subsidiary of NiSource, and/or to secure additional equity financing from NiSource Gas Distribution through the issuance and sale of currently authorized and unissued common stock ("Stock"), \$25 par value per share.¹ A review of the application revealed that it did not meet the minimum filing requirements of 807 KAR 5:001, Section 18(1)(b), and a notice of filing deficiencies was issued. Columbia filed information on November 10, 2015, to cure the noted filing deficiencies, and its application was deemed filed as of that date. Columbia responded to one round of requests for information from Commission Staff. There are no intervenors in this proceeding.

Columbia seeks authority to issue new Notes and/or Stock in an amount not to exceed \$58 million through December 31, 2017. Any Notes issued by Columbia will be

¹ Application at 2.

unsecured and will be issued to NiSource Finance Corp. with maturities of up to 30 years. Columbia states that the interest rate of the Notes will be determined by the corresponding applicable U.S. utility bond yield as reported by Bloomberg Finance L.P. for companies with a credit risk profile equivalent to that of NiSource Finance Corp. effective on the date of issue.²

Columbia is also seeking authorization to issue stock in order to obtain up to \$3,693,800 in additional equity capital. Columbia is proposing to issue and sell up to up to 147,752 shares of authorized but unissued Stock, at \$25 par value, to NiSource Gas Distribution.³

Columbia states that the proceeds of the Notes and/or Stock issuance will be used to reimburse Columbia for its October 2015 through 2017 construction program totaling an estimated \$66,547,000 and for other corporate purposes. Columbia indicates that capital expenditures are required for the construction, completion, extension and improvement of its facilities, all in the ordinary course of providing utility service, and not for financing any major acquisitions. All of the new Notes or Stock will be issued on or before December 31, 2017.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that the issuance and sale of the proposed Notes and the issuance and sale of currently authorized and unissued Stock, as set out in Columbia's application, are for lawful objects within the corporate purposes of Columbia's utility operations, are necessary and appropriate for and consistent with the proper

² *Id.* at 3–4.

³ *Id.* at 4.

performance of its service to the public, will not impair its ability to perform that service, are reasonably necessary and appropriate for such purposes, and should therefore be approved.

IT IS THEREFORE ORDERED that:

1. Columbia is authorized to issue and sell new Notes to NiSource Finance Corp. in an amount up to \$58 million, and to issue and sell Stock to NiSource Gas Distribution in an amount up to \$3,693,800, with the total amount of Notes and Stock not to exceed \$58 million.

2. Columbia is authorized to issue, sell, and deliver the new Notes and Stock, upon the terms set forth in its application, through December 31, 2017.

3. Columbia is authorized to use the proceeds arising from the issuance and sale of the Notes and Stock only for the lawful purposes set forth in its application.

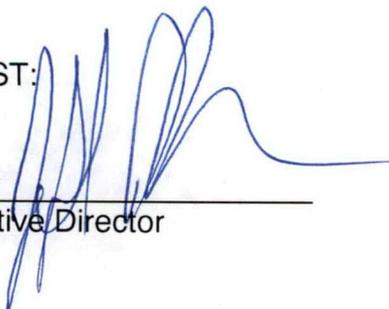
4. Columbia shall, within 30 days of the date of issuance, file with the Commission a statement setting forth the date or dates of issuance and terms of the new Notes authorized herein, including the interest rate, and the number of shares of Stock issued and sold at \$25 par value per share.

Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

By the Commission

ENTERED
DEC 21 2015
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

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